

West Virginia Security for Public Deposits Act

Presented by:
West Virginia State Treasurer's Office

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AGENDA

- Introduction
- Overview of Collateral Program
- Timeline

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WV Security for Public Deposits Act

- **WV Code §12-1B-1 et seq**, known as the **West Virginia Security for Public Deposits Act** ("the Act"), establishes the methods of collateralizing funds.
- **Methods of Collateralizing Public Deposits:**
 - **Dedicated Single Bank Method**
 - **Multibank Pooled Method**
- **These methods will apply to all public deposits.**

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Participants Defined

Designated State Depository means any state or national bank or any state or federal savings and loan association in this state meeting the requirements of the West Virginia Security for Public Deposits Act.

Public Depositor means the state or any county, municipality, spending unit, or other political subdivision of the state.

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Impact on Public Depositors

- The WV Security for Public Deposits Act (§12-1B-1 et seq) supersedes all existing state and local law related to securing public deposits.
- Depositors will be required to use a Designated State Depository approved by the State Treasurer's Office.
- All collateral will be held in benefit to the West Virginia State Treasurer's Office.

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How does it work

- Public depositors will select a Designated State Depository to hold their public deposits.
- Designated State Depository will select one of the two collateral methods allowed.
- Based on defined criteria, the Designated State Depository will pledge collateral at the required amount.
- Designated State Depository will work with the STO vendor to hold the collateral
- Designated State Depository will report monthly to the State Treasurer's Office via the State Treasurer's Office Online Collateral System.

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Selecting a Designated State Depository (DSD)

- Is your depository already an approved DSD?
- If not, what is the process to become an approved DSD?
- If your depository is not able to be approved as a DSD, what should you do?

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Becoming an Approved Designated State Depository

- Letter requesting to become a Designated State Depository
- Copy of bank charter
- Treasurer's Office banking agreement
- Corporate resolution



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Restricted Financial Institution List

Pursuant to W. Va. Code §12-1C-1 et seq., the State Treasurer is authorized to prepare and maintain a list of financial institutions engaged in a boycott of energy companies. Inclusion on the restricted financial institution list is not an indication of unsafe or unsound operating conditions at any financial institution nor any risk to consumer deposits.

For additional information on the Restricted Financial Institution List, visit www.wvtreasury.com/Restricted-Financial-Institutions.


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Dedicated Single Bank Method

- Collateral pledging level is 102% for all public deposits over the FDIC, IntraFi/CDARS/ICS coverage amount.
- Reporting of public deposits monthly through the State Treasurer's Office Online Collateral System.
- Not liable for losses of public deposits held by other public depositories.

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Multibank Pooled Method

- Collateral pledging level determined by financial rating service - FedFIS. These are proposed ratings and are still being finalized.
- Proposed collateral pledging level of 50%, 75% or 100% will be required for all public deposits over the FDIC, IntraFi/CDARS/ICS coverage.
- Reporting of public deposits monthly through the State Treasurer's Office Online Collateral System.
- Liable for proportionate share of losses of uninsured and uncollateralized public deposits held by a designated state depository in default.

Bank Rating	Collateral Pledging Level
1.0 - 2.49	50%
2.50 - 2.99	75%
3.0 - 3.25	100%

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Responsibilities

- Public Depositor determines if deposits are public funds.
- The Public Depositor must inform the Designated State Depository and the State Treasurer's Office of such funds/accounts.
- There are no exemptions or exceptions to this Act. All public funds will need to be collateralized through the State Treasurer's Office.
- Designated State Depositories should let the State Treasurer's Office know of large deposits received outside normal business hours since extra time is granted to collateralize those funds.
- All parties involved will need to sign the appropriate forms provided by the State Treasurer's Office.

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Reporting Requirements

- Monthly reporting for designated state depositories
- Online reporting for ease of use
- Current market conditions and safety of public funds
- Calculations will be made by system

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Treasurer's Office Online Collateral System - PledgeWV

- All public depositories will have access to see their accounts at their designated state depository.
- Depositors will not have visibility to specific collateral held for their deposits. All collateral will be held in the name of the State Treasurer.

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Annual Confirmation

- All public depositors will provide an annual confirmation for the accuracy of the public fund deposits reported.
- The Treasurer's Office will provide a list of accounts on file.
- The public depositor should compare the list to their records and with their financial institution.
- Any discrepancies should be reported to the Treasurer's Office.


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Audit Confirmations

- Audit confirmations from outside auditors or the State Auditor's Office should be sent to the WVSTO for confirmation after the effective go live date.
- Please let your audit firm know about this important change.
- Effective date will be announced by the State Treasurer's Office.

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Timeline

- Legislative process
- Education Initiatives
- Development and Testing Online Collateral System
- Creating user manual & procedures for end users
- Onboarding



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Collateralization of Public Deposits




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WEST VIRGINIA STATE TREASURER'S OFFICE
DESIGNATED STATE DEPOSITORIES

Bank of Charles Town	Grant County Bank
Bank of Mingo	Hancock County Savings Bank
Bank of Monroe	Harrison County Bank
Bank of New York Mellon	Huntington National Bank
Bank of Romney	Jefferson Security Bank
BC Bank	Logan Bank and Trust Company
Calhoun County Bank	Main Street Bank
Capon Valley Bank	MCNB Bank and Trust Company
Citizen's Bank of WV	Miners and Merchants Bank
City National Bank	Mountain Valley Bank
Clay County Bank	MVB Bank
Clear Mountain Bank	Ohio Valley Bank Company
CNB Bank	Pendleton Community Bank
Community Bank of Parkersburg	Peoples Bank
Community Trust Bank	Pioneer Community Bank
Davis Trust Company	PNC Bank, N.A.
Element Federal Credit Union *Medical Consults only	Putnam County Bank
Fayette County National Bank	Summit Community Bank
Fifth Third Bank	Trust
First Citizen's Bank & Trust Company	Unified Bank
First Community Bank	Union Bank, Inc.
First Exchange Bank	United Bank
First National Bank of Williamson	US Bank
First Neighborhood Bank	Webanco Bank, Inc.
First United Bank & Trust	West Union Bank
FNB Bank	Whitesville State Bank
Freedom Bank	

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Thank You

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